

Message Text

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ACTION AF-08

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INR-07 NSAE-00 EUR-12 FTC-01 TRSE-00 OMB-01 AID-05
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C O N F I D E N T I A L CONAKRY 0488

E.O. 11652: GDS
TAGS: PFOR EMIN EINV GV US
SUBJECT: CBG BOARD MEETING

1. ACCORDING TO HALCO PRESIDENT C.D. WARD
(MARTIN-MARIETTA), CBG BOARD OF DIRECTORS MEETING
MARCH 22/23 MADE GOOD PROGRESS ON A NUMBER OF ISSUES.

2. GOG DEMAND FOR "DOUBLE SIGNATURE" ARRANGEMENT
BETWEEN CBG PRES AND VPRES WAS BURIED WHEN BOARD
AGREED ON MUTUALLY ACCEPTABLE JOB DESCRIPTION FOR
GUINEAN VPRES WHICH DID NOT ERODE PRES JACOB'S
DECISION-MAKING POWERS.

3. LONGSTANDING ACCOUNTING DISAGREEMENTS WERE VIRTUALLY
RESOLVED; THE
ESTABLISHMENT OF BOOKKEEPING IN KAMSAR PARALLEL TO
HALCO (PITTSBURGH) APPEARS TO HAVE MOLLIFIED GOG. GOG
PRESSURE CONTINUES, HOWEVER, TO RELOCATE ALL FUNCTIONS AND
OPERATIONS TO GUINEA.

4. CBG ASSISTANT TREASURER AND SECRETARY SLOTS WRE
FILLED TO BOTH SIDES' SATISFACTION, WITH HALCO MANAGING
TO FEND OFF NEPOTISTIC NOMINATION OF N'FALY
SANGARE'S INCOMPETENT NEPHEW BUT ACCEPTING EX-FRIA
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CITY MANAGER NAMED TOURE AT GOG INSISTENCE.

5. NEW HOUSING PROGRAM COMMITMENT (15 MILLION DOLLARS
CBG PLUS SIX MILLION WORLD BANK) OVER THREE YEARS WAS
APPROVED, ALTHOUGH HALCO PARTNERS HAVE NOT YET AGREED TO TERMS
FOR RAISING THIS MONEY.

6. MAJOR UNRESOLVED ISSUE REMAINS GOG ATTEMPT TO GAIN REVALUATION OF ORIGINAL MINING RIGHTS, WHICH WOULD IN EFFECT GIVE GOG PREPONDERANCE OF EQUITY AND UPSET 51-49 STOCK RATIO. HALCO PARTNERS AGREED TO STUDY PROPOSAL. THEY BELIEVE GOG MAY WISH TO USE ISSUE OF POSSIBLE HIGHER EVALUATION OF MINERAL RIGHTS IN BARGAINING WITH ARAB PARTNERS AS AYEKOYE BAUXITE PROJECT TAKES SHAPE. NEW RATIO WOULD OF COURSE MAKE NATIONALIZATION OF CBG SOME DAY MUCH LESS EXPENSIVE FOR GOG, WARD COMMENTED, ALTHOUGH THERE IS NO REPEAT NO INDICATION THAT GUINEANS ARE CONTEMPLATING SUCH ACTION. WARD SAID GOG PROPOSAL WILL BE RESISTED FIRMLY AND DID NOT SEEM OVERLY CONCERNED. (IN SEPARATE DISCUSSION CBG PRESIDENT JACOB AND HALCO PRESIDENT MILLER NOTED THAT GOG IS SO INTERESTED IN OBTAINING WESTERN INVESTMENT AND ECONOMIC ASSISTANCE IT IS MOST UNLIKELY TO ABUSE CBG ARRANGEMENTS. US STEEL, FOR INSTANCE, WHICH GUINEANS KNOW TO BE RECONSIDERING PARTICIPATION IN MIFERGUI-NIMBA, HAS BEEN QUESTIONING HALCO PARTNERS ABOUT DOING BUSINESS IN GUINEA.)

7. GENERAL TONE OF MEETING WAS SATISFACTORY AND RELATIVELY BUSINESSLIKE, AND WARD SEEMED PLEASED WITH OUTCOME. AMBASSADORS OF HALCO COUNTRIES WERE INVITED TO CBG DINNER HOSTED BY MOUSSA DIAKITE, WHICH WAS NOT CASE AT LAST TWO BOARD MEETINGS.
HARROP

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Sent Date: 25-Mar-1977 12:00:00 am
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